

Specific Service Signs / LOGO Program Update

November 18, 2009



Current Contract

Competitively Bid with Two Step RFQ/RFP (2005)

5 year contract that expires June 30, 2010

Georgia Logos currently has annual contracts for individual businesses, and all of those contracts end each June 30th



Current Contract

Current payment: \$3.251 million per year
\$16.255 million Total

	# Displayed	Annual Fee (per direction)	Contract Revenue
Mainlines	5968	\$550	\$3,282,400
Ramps	5704	\$200	\$1,140,800
TOTAL		\$750	\$4,423,200

Board Direction in August

Determine if Current Contractor was interested in extending contract

Determine if contract language allowed extension

Maintain existing fee structure due to the current economy

Department Requirements

Retain all Current Contract Infrastructure Terms

Allow Roll-Over Signing in the contract

Potentially allows room for additional businesses



Meeting in September

Legal Department determined that the contact language allowed one year extensions for up to 5 additional years -

All parties agreed that the Board desired to maintain existing fee levels

Georgia LOGO indicated that they would agree to add the Rollover Program

Other Items Discussed

Number of Participants Down ~ 227 (- \$170k)

Cost to Implement Rollover – Revenue Neutral
Department gets Enhanced Infrastructure

Audited Loss June 2009 was (-\$457,727)

Considerations

New Businesses added to the Traveler Information Program – many that have been on the waiting list for years

Department may have an enhanced infrastructure at end of contract

Department could have a guaranteed revenue stream

The fee structure remains one of the lowest in the country

Need Board Direction

- Extend Existing Contract
- Re-Bid New 5 Year Contract

SUPPORT INFO SLIDES

Mutual Settlement Agreement

The Mutual Release is independent of the Agreement dated August 15, 2005 between GDOT and GA LOGOS, LLC.

The Settlement Agreement did not change GA LOGOS obligations to pay GDOT \$16,255,000.00 over five years in annual payments of \$3,251,000.00 as the highest bidder

GDOT will pay \$3,255,000. In twenty quarterly installments - \$162,750.00 each for a period of five years until paid in full.

GEORGIA LOGOS, LLC

(A Wholly Owned Subsidiary of Interstate Logos, LLC)

Statement of Income

For the Year Ended June 30, 2009

Revenues	\$ 4,489,271
Cost of revenues	<u>3,397,081</u>
Gross profit before operating expenses	<u>1,092,190</u>
Operating expenses:	
Salaries and payroll tax expense	330,707
Other selling, general, and administrative expenses	271,745
Depreciation expense	1,213,741
Loss on disposal of assets	<u>13,790</u>
	<u>1,829,983</u>
Loss before benefit for income taxes	(737,793)
Benefit for income taxes	<u>(280,066)</u>
Net loss	<u><u>\$ (457,727)</u></u>

Department Recommendations

Of 26 states reviewed that currently have privatized programs, with #1 being the most expensive, Georgia is currently #21 (@\$1500)

Price Range		Average Price	
1. Texas	\$7500-2100	1. Texas	\$4725
2. S. Carolina	\$5000-1800	2. New Jersey	\$4400
3. New Jersey	\$4800-4000	5. S. Carolina	\$3267
12. Maine	\$2400	12. Maine	\$2400
17. Virginia	\$2000-1600	17. Virginia	\$1800
21. Georgia	\$1500	21. Georgia	\$1500
23. Kentucky	\$1200-600	24. Kentucky	\$900
26. Tennessee	\$511	26. Tennessee	\$511